

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SIGNIFY HOLDING B.V. f/k/a
PHILIPS LIGHTING HOLDING B.V.

Plaintiff,

Civil No. 1:21-cv-09472

vs.

JURY TRIAL DEMANDED

TP-LINK RESEARCH AMERICA CORPORATION
and TP-LINK USA CORPORATION

Defendants.

COMPLAINT

Plaintiff Signify Holding B.V. f/k/a Philips Lighting Holding B.V. by and through its undersigned attorneys, Bond, Schoeneck & King, PLLC, for its Complaint against Defendants TP-Link Research America Corporation and TP-Link USA Corporation (collectively “Defendants” or “TP-Link”)¹ alleges as follows:

PARTIES

1. Plaintiff Signify Holding B.V. f/k/a Philips Lighting Holding B.V. (“Signify”), is a corporation organized and existing under the laws of The Netherlands with its principal place of business at High Tech Campus 45, Eindhoven, The Netherlands.

2. Upon information and belief, Defendant TP-Link Research America Corporation, is a corporation organized under the laws of the State of California with its principal place of business at 10 Mauchly, Irvine, California 92618.

¹ Where referenced collectively, the defendants shall be referred to as “TP-Link”.

3. Upon information and belief, Defendant TP-Link USA Corporation is a corporation organized under the laws of the State of California with its principal place of business at 10 Mauchly, Irvine, California 92618.

NATURE OF THE ACTION

4. In this action, Signify seeks money damages against TP-Link for breach of contract, declaratory relief in the form of an order of specific performance of contractual terms between Signify and TP-Link, and restitution for unjust enrichment.

JURISDICTION AND VENUE

5. The Court has diversity jurisdiction over this action pursuant to 28 U.S.C. § 1332(a)(1). There is complete diversity between the parties, as Signify is a citizen of The Netherlands and upon information and belief, TP-Link Research America Corporation and TP-Link USA Corporation are citizens of the state of California. The amount in controversy exceeds the sum or value of \$75,000.00, exclusive of interest and costs.

6. Upon information and belief, the Court has personal jurisdiction over Defendants through its consent to and waiver of objection to the jurisdiction of this Court. As alleged in the paragraphs below, TP-Link and Signify entered into an agreement whereby Signify granted TP-Link Research America Corporation and its Affiliates, as that term is defined in that agreement, including TP-Link USA Corporation, licenses to certain patents in exchange for the payment of royalties and other consideration. In that agreement, TP-Link consented to the jurisdiction of the Federal District Court for the Southern District of New York, and further waived any objection to the jurisdiction or venue of this Court. In addition, upon information and belief, TP-Link regularly and systematically transacted business in New York, directly and/or through Affiliates.

7. Venue is proper in the Southern District of New York pursuant to 28 U.S.C. § 1391(b) and because of TP-Link's consent to and waiver of objection to venue in this Court.

FACTUAL BACKGROUND

8. Signify is a global market leader with recognized expertise in the development, manufacturing, and application of innovative light-emitting diodes ("LED") lighting solutions.

9. To protect its intellectual property resulting from its significant investments, Signify applied for and obtained numerous patents directed to various LED inventions and technologies. For example, Signify has thousands of patents and hundreds of pending patent applications covering technologies related to LED luminaires and retrofit bulbs.

10. Signify has developed a license program under which companies using Signify's patents may be able to obtain a license. Currently, more than 1300 companies worldwide have taken licenses under this program.

11. Upon information and belief, TP-Link Research America Corporation, and/or its Affiliates, has made, used, provided, sold, offered to sell, imported, and/or distributed to others for such purposes, lighting products employing Signify's patented technology throughout the United States and/or internationally, including but not limited to, products marketed by TP-Link under name "Kasa Smart" (<https://www.kasasmart.com/us/products/smart-lighting>).

12. On or about December 1, 2018, Signify (then known as Philips Lighting Holding B.V.) and TP-Link Research America Corporation and its Affiliates entered into a Patent License Agreement ("License Agreement") and granted TP-Link Research America Corporation and its Affiliates a patent license under the terms and conditions of the License Agreement.

13. The terms and conditions of the License Agreement are subject to confidentiality.

14. Upon information and belief, TP-Link Research America Corporation and its Affiliates have obtained the benefit of the patent license under the License Agreement.

15. The License Agreement remains in force between Signify and TP-Link Research America Corporation and its Affiliates.

16. TP-Link Research America Corporation and its Affiliates agreed to an audit protocol confirming that quarterly Reporting Forms, as defined in the License Agreement, submitted by TP-Link and its Affiliates are true, complete and accurate in every respect. Additionally, Signify reserved the right to inspect the books and records of TP-Link Research America Corporation and its Affiliates from time to time.

17. Beginning in the third quarter of 2020, TP-Link Research America Corporation and its Affiliates failed to submit the required Reporting Forms, and pay the associated royalties due, in violation of the terms of the License Agreement. Additionally, TP-Link Research America Corporation, and its Affiliates, failed to submit the required Reporting Forms and pay the associated royalties due for at least the third quarter of 2020, the fourth quarter of 2020, the first Quarter of 2021, the second quarter of 2021, and the third quarter of 2021.

18. Under the terms of the License Agreement TP-Link Research America Corporation is required to submit, once per year, an annual statement by its external auditors confirming that the quarterly Reporting Forms previously submitted are true, complete, and accurate. TP-Link Research America Corporation has failed to submit these required annual statements.

19. Upon information and belief, Defendant TP-Link USA Corporation is an Affiliate of TP-Link Research America Corporation pursuant to the License Agreement.

20. Upon information and belief, Defendant TP-Link USA Corporation, has made, offered for sale products within the scope of the license afforded by the License Agreement.

21. TP-Link Research America Corporation has failed to account to Signify for such sales in violation of the License Agreement.

22. Alternatively, TP-Link USA Corporation is subject to the License Agreement as the “alter-ego” of TP-Link Research America Corporation based upon, including but not limited to, the following:

(i) TP-Link employees directed that the License Agreement be in the name of TP-Link Research America Corporation following notice of patent infringement to TP-Link USA Corporation;

(ii) During the negotiation of the License Agreement, TP-Link USA Corporation and TP-Link Research America Corporation acted as one in the same;

(iii) TP-Link USA Corporation has made royalty payments to Signify under the License Agreement;

(iv) TP-Link USA Corporation was given access to confidential terms of the License Agreement by TP-Link Research America Corporation;

(v) TP-Link USA Corporation and TP-Link Research America Corporation have the same principal place of business at 10 Mauchly, Irvine, California 92618;

(vi) TP-Link USA Corporation has stepped into the shoes of TP-Link Research America Corporation by selling products within the scope of the license afforded by the License Agreement, but without fulfilling its obligations to Signify under the License Agreement; and

(vii) TP-Link USA Corporation and TP-Link Research America Corporation fail to adhere to corporate formalities and share at least the following management: Deyi Shu a/k/a Winfred Shu, who is listed in records with the California Secretary of State as being

the Chief Executive Office, Secretary, Chief Financial Officer, Director, and Agent of Service for Process for TP-Link Research America Corporation and also the Secretary, Chief Financial Officer, and Agent of Service for Process for TP-Link USA Corporation.

(viii) Upon information and belief, TP-Link Research America Corporation is not adequately funded.

23. Signify has duly demanded that TP-Link comply with the terms of the License Agreement, submit the required Reporting Forms, and pay the royalties due, but TP-Link has refused.

24. For the period beginning with the third quarter of 2020 through the present, TP-Link has continued to fail to live up to its obligations under the License Agreement, for example, by failing to provide reports and written statements required by the License Agreement and by failing to pay the required royalties to Signify.

25. Upon information and belief, TP-Link has failed to remedy its breaches of the License Agreement.

26. Upon information and belief, TP-Link continues to breach the License Agreement.

27. TP-Link has refused to acknowledge, cease, or remedy its breaches of the License Agreement, and Signify has been damaged, and continues to be damaged, by such breaches.

FIRST CLAIM FOR RELIEF

(Breach of Contract)

28. Signify repeats and incorporates paragraphs 1 through 27 above as if set forth in full here.

29. The License Agreement is a valid, binding, and enforceable contract.

30. Signify has and continues to perform under the License Agreement.

31. Upon information and belief, TP-Link has materially breached the License Agreement by, among other things, (1) underreporting royalties on certain products (e.g., “Retrofit Bulbs”, as defined in the License Agreement), (2) failing to provide reports and written statements required by the License Agreement, (3) improperly calculating royalty-bearing revenue, and/or (4) failing to pay the required royalties due under the License Agreement.

32. Upon information and belief, TP-Link continues to materially breach the License Agreement by, among other things, failing to report and submit payment for sales covered by the scope of the License Agreement.

33. Upon information and belief, TP-Link is continuing to breach the License Agreement.

34. As a result of Defendant’s numerous material breaches of the License Agreement, Signify has been damaged, and continued to be damaged, which damages are the natural and proximate consequence of TP-Link’s breach of the License Agreement, in an amount to be determined at trial, but no less than \$100,000 (US), exclusive of interest and costs.

35. Signify seeks a formal accounting of all revenues received by TP-Link and its Affiliates in connection with LED Retrofit Bulbs, beginning from the date of the License Agreement, to determine the full extent of TP-Link’s breach of the License Agreement.

SECOND CLAIM FOR RELIEF

(Specific Performance)

36. Signify repeats and incorporates paragraphs 1 through 35 above as if set forth in full here.

37. The License Agreement is a valid, binding, and enforceable contract.

38. Signify has and continues to perform under the License Agreement.

39. Upon information and belief, TP-Link is able to continue to perform under the License Agreement by, among other things, reporting all revenues received by TP-Link and its Affiliates in connection with all LED Retrofit Bulbs made, used, provided, sold, offered to sell, imported, and/or distributed to others by TP-Link in the United States and throughout the world.

40. Signify has suffered harm resulting from TP-Link's refusal to adhere to the terms of the License Agreement, and it has no adequate remedy at law for TP-Link's blatant and continuing violations in that an award of damages would not be a reasonable substitute for performance by TP-Link and an attempt to assess damages would be impractical or speculative. TP-Link's failure to provide the required reporting forms has prevented Signify from ascertaining the full scope of TP-Link's breach and the corresponding underpayment/nonpayment amounts.

41. Signify has demanded, and is entitled to, specific performance of TP-Link's obligations under the License Agreement.

THIRD CLAIM FOR RELIEF

(Unjust Enrichment)

42. Signify repeats and incorporates paragraphs 1 through 41 above as if set forth in full here.

43. In consideration for the License Agreement, TP-Link received the right to a patent license from Signify under the terms and conditions of the License Agreement.

44. TP-Link has wrongfully refused to abide by the terms of the Patent License Agreement. TP-Link has failed to pay all royalties due under the terms of the Patent License Agreement and has failed to report its sales.

45. Furthermore, TP-Link's failure to adequately cooperate with an audit has prevented Signify from ascertaining the full scope of TP-Link's breach and corresponding

underpayment/nonpayment of royalties. It would be unjust and inequitable to allow TP-Link to benefit in this manner without remuneration to Signify.

46. By reason of the foregoing, TP-Link has been unjustly enriched and benefited at the expense of Signify, and Signify has suffered damages in an amount to be determined at trial.

PRAYER FOR RELIEF

WHEREFORE, Signify prays that the Court enter judgment against Defendants, as follows:

(1) Awarding money damages to Signify on its First Claim for Relief in amount to be proven at trial;

(2) Granting Signify specific performance on its Second Claim for Relief of the License Agreement requiring Defendants to report all revenues received by Defendants and their Affiliates in connection with all LED Retrofit Bulbs made, used, provided, sold, offered to sell, imported, and/or distributed to others by Defendants and their Affiliates in the United States and throughout the world and payment of the attendant royalty amounts for the duration of the License Agreement; and

(3) Awarding restitution to Signify on its Third Claim for Relief in amount to be proven at trial;

(4) Ordering an accounting of all revenues received by Defendants and their Affiliates in connection with LED Retrofit Bulbs beginning from the date of the License Agreement;

(5) Awarding interest to Signify;

(6) Awarding audit and inspection fees and costs to Signify;

(7) Awarding attorneys' fees and costs; and

(8) Awarding such other and further relief as the Court deems just and proper.

DEMAND FOR A JURY TRIAL

Signify demands trial by jury on all issues so triable.

Dated: November 16, 2021

Respectfully submitted,

BOND, SCHOENECK & KING, PLLC

By: /s/ Jeremy P. Oczek
Jeremy P. Oczek (JO1975)
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ATTORNEYS FOR PLAINTIFF
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